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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 21



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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

KAZAKH LIGHT INDUSTRY MINISTER ON CONSUMER GOODS

Alma Ata PARTIYNAYA ZHIZN' KAZAKHSTANA in Russian No 2, Feb 81 pp 31-36

[Article by B. Ibragimov, minister of light industry of the Kazakh SSR: "Consumer Goods Industry"]

[Text] Light industry plays a large role in solving the problem of all possible satisfaction of the growing needs of the workers for consumer goods. It is therefore quite natural that the draft of the CPSU Central Committee for the 26th Party Congress "Main Directions for Economic and Social Development of the USSR for 1981-1985 and for the Period to 1990" focuses enormous attention on the development of this sector.

At all stages of the socioeconomic development of our country, the national economic growth was aimed at improving the standard of living of the population. The October (1980) Plenum of the CPSU Central Committee again stressed: the most important goal of the party is to improve the national welfare. This requires serious shifts in the production of consumer goods. The shifts "would affect both the quantity and the quality, the assortment of these goods" it was stressed in the speech of General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, Comrade L. I. Brezhnev to the Plenum.

Based on this program, the workers of light industry in the republic have done a lot to provide the workers with a better supply of different consumer goods. During the 10th Five-Year Plan the volume of product output rose by 17.5% and was over 14.5 billion rubles. It was realized by 246.5 million rubles above the plan. The enterprises of light industry in the republic fulfilled the 10th Five-Year Plan ahead of schedule, on 5 December 1980. The production of cotton fabrics increased in this period by almost 15%, wool by 55.5, nonwoven fabrics by 37, carpets and carpet items by 18, linens by 43.5 and sewn products by 27.2%.

In the 10th Five-Year Plan unremitting attention was focused on the fulfillment of the decree of the Kazakhstan Communist Party Central Committee and the Kazakh SSR Council of Ministers for the production of consumer goods, children's goods and especially those items that are in short supply in the trade network.

The technical level of the manufactured items is systematically improving. Since 1976, the enterprises of the ministry have produced products of only the highest and first categories of quality. The volume of output of products of the highest category is rising. Last year, 6.3-fold more of these items were manufactured than in 1975. The specific weight of this product rose from 4.5 to 20%. New items of improved quality and assortment (with "N" index) were fabricated

in the five-year plan for a sum of 420 million rubles, rising almost 3.5-fold as opposed to 1975. In the last period, over 13,000 new models, patterns, fabric weaves and knitted linens were introduced, including about 6,000 for children. Thus, the branch products are annually renewed by an average of 65-70%.

Major measures were taken for conservation of material resources and efficient use of raw material. The conserved raw materials and materials were used in the 10th Five-Year Plan to manufacture 1.5 million pairs of shoes, 290,000 sewn items, 350,000 items of outerknitted and underwear, 400,000 pairs of hosiery and 11,000 fur items.

At the same time that production wastes are being reduced, measures are being taken for their maximum use. Reprocessing of production wastes is now being done in 48 shops and their number will constantly increase. During the 10th Five-Year Plan, these facilities produced 39.5 million rubles worth of products, and it is planned to bring the output to 50 million rubles in this five-year plan.

The Central Committee of the Kazakhstan Communist Party, and the Kazakh SSR Council of Ministers during the last five-year plan repeatedly examined questions associated with the development of light industry. The shortcomings were revealed and measures were planned aimed at an increase in production of commodities, improvement in their quality, and more complete use of production facilities in a business-like manner and with party principles. The material and technical base of the branch continued to be strengthened. In 5 years, about 400 million rubles were invested in the republic's light industry, including 94 million for technical reequipping.

The successively implemented policy of technical reequipping and reconstruction of the active enterprises, introduction of the achievements of science, technology and other measures aimed at improving the efficiency of production provided over 92% increase in the volumes of manufactured products in the five-year plan through a rise in labor productivity. Three plants and over 100 sections and shops were mechanized and automated during the 5 years, 224 production and conveyor lines were started up, and 12,000 units of new, highly productive equipment were installed.

Major measures were taken to improve the working conditions and daily life of the workers of light industry. Children's preschool institutions for 7720 places and 416,000 square meters of living area were put into operation.

The results that the republic's light industry achieved in fulfilling the planned assignments for 1980 and the five-year plan as a whole became possible because of the constant growth in labor activity of the majority of enterprise collectives, the steady search for new ways to increase the output of consumer goods, the selfless labor of workers, and first of all our remarkable women workers, and the further development and perfection of socialist competition.

In noting the advances made in the early fulfillment of the 10th Five-Year Plan, the Central Committee of the Kazakhstan Communist Party and the Kazakh SSR Council of Ministers warmly congratulated the workers, engineering and technical workers and clerical staff of the light industry enterprises for their great labor victory, and expressed the confidence that will gladden the motherland with new success in the future and will make a weighty contribution to the national struggle for a worthy meeting of the 26th Party Congress.

The workers of light industry express their sincere gratitude to the Kazakhstan Communist Party Central Committee, and the Kazakh SSR Council of Ministers for the high evaluation of labor which they gave in their greeting. It inspires and obliges them to expand work even more to mobilize the collectives to overfulfill the planned assignments for 1981 and the 11th Five-Year Plan as a whole, to constantly search for and find new reserves for increasing the output of consumer goods.

On the threshold of the first year of the 11th Five-Year Plan, the collectives of many enterprises have reported early completion of the plans for economic and social development. The collectives of the Chimkent sewing plant "Voskhod" and the cotton kombinat, the Kustanay sewing plant "Bol'shevika," the Alma-Ata fur kombinat, the production sewing association imeni 1 May and others were some of the first to report the fulfillment of the socialist commitments adopted in honor of the 26th CPSU Congress.

Now all the enterprises are completing discussion of the draft of the CPSU Central Committee for the 26th Party Congress "Main Directions of Economic and Social Development of the USSR for 1981-1985 and the Period to 1990." The workers of republic light industry are directing their efforts so that the intensified plans that were written into the draft to increase output, expand the assortment and improve the quality of consumer goods would be successfully fulfilled by all the enterprises.

The mass movement for early fulfillment of the five-year assignments became possible thanks to the valuable initiative of the leaders and innovators of production who appealed for an early completion of the assignment for the first two months of 1981 by the opening day of the 26th CPSU Congress.

On the initiative of Hero of Socialist Labor seamstress-mechanic of the Petropavlovsk sewing plant "Komsomolka," S. M. Baysarina, two five-year plans were fulfilled in 5 years by L. P. Bereza and A. Safronova, State Prize laureates and seamstress-mechanics of the Alma-Ata production sewing association imeni 1 May, V. V. Luzina, cutter of the Gagarin Production Sewing Association, P. V. Leonova, seamstress of the Semipalatinsk plant of outer knitted goods, T. Sikhimbayev, cutter of the production association "Dzhambulkozhibuv" and others. The actual initiator of the movement "Two Five-Year Plans in One," S. M. Baysarina, coped with the assignment of 11 years.

At the same time we understand well that not everything has been done to provide the population with high-quality and diverse commodities. We have not coped with the established assignments for a number of indicators. The buyers justly complain about the quality and assortment of certain goods, especially shoes, manufactured by individual enterprises and have grounds to criticize us for the lack of the necessary quantity of certain items on the market.

In order to eliminate these shortcomings and satisfy the demands of the Soviet people more completely, the ministry has formulated measures that will become a component part of the plan for 1981.

The party's course towards accelerated development of consumer product production in the new five-year plan was also reflected in the long-term plan of the Kazakh SSR Ministry of Light Industry. We provide for a further continuous rise in the

volumes of production, expansion of the assortment, improvement in quality of items, increase in labor productivity based on the introduction of new equipment and technology, complex mechanization of production, and increased efficiency in the use of production facilities and the main funds.

It is planned to increase the volumes of production by 330 million rubles by the end of the 11th Five-Year Plan. It is planned to increase the output of wool fabrics by 10.3%, cotton by 5, silk by 2.2-fold, nonwoven fabrics 4-fold, hosiery by 1.4-fold and products of the sewing industry by 9.7%.

Especial attention will be focused in the 11th Five-Year Plan on increasing the output of children's items. It is planned to raise production of hosiery items 1.5-fold, outer knitted items by 1.3-fold, shoes by 15%, overcoats and short coats made of wool fabrics by 39, dresses by 29, shirts by 32% and raincoats by 3.8-fold.

The rise in production volumes will be made both by reconstruction and technical reequipping of the active, and by construction of new enterprises. It is planned to spend 535 million rubles for this purpose, including 264 million for construction-installation work. This is 1.8-fold greater than in the 10th Five-Year Plan.

In order to increase the production of consumer goods and reduce their imports, it is planned to erect the Kokchetav porcelain plant, the Tselinograd spinning plant, decorative plant of the Ust'-Kamenogorsk kombinat of silk fabrics, plant of nonwoven materials in Kzyl-Orda, cotton-spinning plant in Karaganda, hosiery plant in Temirtau, panty-hose plant in Semipalatinsk, tannery in Pavlodar, shoe and five sewing plants.

Because of the difficulty in supplying a work force to the enterprises, small plants and enterprise branches will continue to be located in small cities and settlements which have free labor resources. A total of 22 branches are planned. The active enterprises will be reconstructed and expanded.

Technical progress remains the basis for growth of light industry product output. Greater intensification and automation of production processes is planned through increase in the high-speed regimes, development of highly productive equipment, unitizing of a number of machines, the use of new production methods, and the use of computer equipment. As a result of the implementation of these measures, the level of mechanization and automation will drastically rise, 11,000 workers will be freed up and over 6,000 workers will be switched from manual to mechanized labor. The use of the production facilities will be 98-100% in all sectors of industry, except the wool industry.

All of this will not only increase the volumes of production, but will also improve the assortment of the manufactured items and improve their quality. The assortment will be supplemented with light-weight, low-wrinkle, low-shrinkage fabrics with improved artistic design and sewn items from them, knitted items made of shape-stable fabrics, as well as fabrics which simulate natural fiber cloth of the jeans type, knit velvet for young people's and children's outfits, and shoes with artificial and synthetic leather tops. The output of shoes with chemically attached bottoms will be increased. The chemical methods include gluing, casting and hot vulcanization which will create fashionable styles.

It is planned to manufacture commodities of the highest category of quality in the 11th Five-Year Plan for a sum of 1.5 billion rubles. This is double the quantity in the 10th Five-Year Plan. It is also planned to double the output of items with the "N" index.

We understand the great responsibility we have to fulfill the planned volumes, and we will do everything to successfully fulfill them. The workers of the ministry see their task as decisively improving the level of branch supervision, strengthening the planning and financial discipline, raising responsibility for the entrusted work, and using more completely the reserves which each enterprise has.

In noting what has been attained, it is impossible not to mention the difficulties and shortcomings that interfere with our working better and with greater efficiency. Definite complications arise because of the irregular shipments, of often poor-quality raw materials, raw cotton, wool and leather goods which we process at the factories and plants. We would like the agricultural workers in the new five-year plan to pay more attention to these questions. We still have many unused reserves in the organization of production and labor in the wool and leather-shoe industry. We are persistently working on these problems so that they will be completely resolved in the new five-year plan.

More complete satisfaction of the population's demands for commodities and elimination of the developing shortage of first some, then other goods requires the most rapid and basic improvement in the service of studying and predicting demand. It still has little effect on the situation. Its conclusions and advice are only recommendations. The data of the predictions which are reflected in the orders of the trade organizations should be a guide for our enterprises, permitting calculation of the specific market demands in advance.

The CPSU Central Committee and the USSR Council of Ministers have adopted the decree "On Improving Planning and Intensifying the Effect of the Economic Mechanism on Improving the Efficiency of Production and Quality of Work" and have defined the main directions for improvement in the economic mechanism. The importance of strengthening attention to questions of control and planning was stressed at the past Plenums of the CPSU Central Committee, and in the speeches of Comrade L. I. Brezhnev. All management and planning activity should be aimed at improving production efficiency and work quality, attaining high final results, and more complete satisfaction of the growing needs of the people.

A new system of planning indicators is being introduced at all levels of management. This is very important for such a sector as light industry, the main supplier of consumer goods. The work of each enterprise will be evaluated not by the volume of products sold, but from the specific contribution of each collective to the growth in pure product and fulfillment of the specific customer orders. This will stimulate the production participants to drastically raise the role of the natural indicators. It is no secret that the buyer wants to see in the stores not only a large quantity, but also a wide selection of goods of different models and prices. The outdated indicators of production planning sometimes propelled the enterprises to constrict their assortment. The striving to increase the volume of sales obstructed the road to the store counter for many inexpensive goods that were needed by the buyer, especially cotton items and children's commodities which are not less labor intensive than the adult goods, but are considerably less expensive. This situation will be corrected.

The ministry has developed the necessary measures, has compiled the certification of the enterprises for the specific nature of the light industry sectors, and introduced new evaluation indicators. Mass introduction of the brigade form of organization and payment of labor is envisioned for the branch. It will cover tens of thousands of workers this year at the ministry enterprises.

Comrade L. I. Brezhnev indicated many times that in order to attain the set tasks we have no other path than to increase production efficiency and work quality, especially considering that at the current stage we cannot count on an additional involvement of the work force. In realizing these instructions in our sector, we have developed and implemented comprehensive measures for a further development of the movement of operators of several machines, expansion of the zones of equipment maintenance, and plurality of occupations. This set of measures is reinforced by skilled engineering support. The labor collectives of light industry have enthusiastically supported the initiative of the collectives from the Yaroslavl' enterprises to guarantee a rise in production volume in the 11th Five-Year Plan without increasing the number of workers.

The workers of light industry are faced with great, complicated and extremely important work. We understand that saturation of the market with the necessary goods is unthinkable without a rise in efficiency of the sector, and intensification in all production. The successful attainment of these goals will have a decisive dependence on broad introduction of the achievements of scientific and technical progress, improvement in the level and quality of control, degree of organization and discipline of labor, and fostering of business-like efficiency, responsibility and initiative in the workers. And we will intensively work in this direction.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

TEXTILE INDUSTRY DEVELOPMENT REVIEWED

Moscow EKONOMICHESKAYA GAZETA in Russian No 20, May 81 p 2

[Text] The textile industry has an important part to play in the completion of the assignments in the 11th Five-Year Plan regarding the development of consumer goods production. More than 1,100 production associations and enterprises (counting enterprises for the primary processing of raw materials), employing almost 2.2 million people, operate in this industry. Fabric, knitwear, hosiery, haberdashery and other commodities in mass demand represent 67 percent of the total product of the USSR Ministry of Light Industry.

During the years of the Tenth Five-Year Plan the output of fabric increased by 733 million square meters, the underwear output increased by 184 million pieces of underwear and the hosiery output increased by 172 million pairs. In 1980 the total output of fabric was equivalent to 10.7 billion square meters, including 7 billion square meters of cotton fabric. As yet, however, the demand for some types of cotton, woolen and silk fabrics and knitwear is still not being satisfied.

Large capacities began operating at cotton fabric enterprises in Shakhty, Ternopol', Alikus, Osha, Donetsk and Tiraspol'. The Tyumen', Chita and Leninsk-Kuznetsk worsted wool combines were opened. Construction work was completed on the Orenburg, Mogilev, Kemerovo, Bendery, Cherkassy and Krasnoyarsk silk combines, factories for the production of nonwoven materials in Syktyvkar and Dimitrovgrad in Ul'yanovskaya Oblast and several knitwear factories.

Large quantities of modern equipment were installed at existing enterprises: pneumatic spinning mills and doublers, modern looms and highly productive fabric trimming units.

In the Coming 5 Years

The decisions of the 26th CPSU Congress instruct workers in the textile industry to increase the output of various types of fabrics in great demand in the next 5 years--cotton, woolen, silk and linen fabric, knitted underwear and outerwear, hosiery and drapery. Plans call for a total fabric output of 12.7 billion square meters in 1985. The output of knitwear in 1985 will be 27 percent greater than the 1980 output and will total 2.06 billion items.

The textile industry will be further developed in all union republics within the framework of the unified national economic complex.

The structure of manufactured textiles will be improved through the intensive growth of the efficient tricot and nonwoven production methods. For example, the output of nonwoven materials will increase 3.6-fold. They will be used primarily as substitutes for the cotton fabrics that are still being employed for technical production purposes in large quantities.

Although the total output of cotton fabric will increase by 11 percent, there will be an increase of 17 percent in the output of satin fabrics and the cotton prints in greater demand, of 23 percent in the output of material for linens, and of 52 percent in the output of terry cloth towels. There will be an increase of 20 percent in the hosiery output, of 32 percent in the knitted underwear output, of 33 percent in the output of spools of thread, and of 38 percent in the rug and carpeting output.

The structure of capital investments is also changing. They will be used primarily for the construction of enterprises for the production of cotton thread and fabric, knitted fabric and nonwoven textiles and of sewing and knitting factories.

This February the CPSU Central Committee commended the initiative of the labor collectives of five construction ministries and the USSR Ministry of Light Industry. They took on joint commitments to accelerate the construction, remodeling, start-up and early incorporation of production capacities in light industry in 1981 and the 11th Five-Year Plan.

During the first quarter the plan assignment for construction and installation work was fulfilled by 106 percent on construction sites where initiators had taken on socialist commitments.

The overall construction and installation assignment of the USSR Ministry of Light Industry, however, was fulfilled by only 89 percent. Construction work has been unsatisfactory on the Dzhizak Cotton Thread Factory and the Atlas Production Association in Margilan (Uzbek SSR), the Rubezhnoye Hosiery Factory, the knitwear factory in Novokuybyshevsk and several other enterprises.

Conditions Are the Same, But Indicators Differ

Most of the increase in the textile output should come from existing enterprises. This could be achieved through the more efficient use of existing potential. Textile workers in Ivanovskaya Oblast have set a good example in the rapid mastery of new capacities. A great deal here depends on the broad-scale dissemination of the experience of innovators who considerably surpass sectorial norms.

The reduction of tool and machine idle time represents a substantial reserve. As a result of serious shortcomings in the organization of labor and production at cotton fabric enterprises in the Azerbaijan SSR, spinning machines are idle around 12 percent of the time, and looms are idle up to 13 percent of the time, which is much higher than the plan indicator. The idle time of hosiery knitting equipment is equivalent to 9.1 percent on the average at all enterprises of the USSR Ministry of Light Industry, but the figure is 25.3 percent at the Leningrad Knitwear Production Association.

Above-plan idle time resulted in the following production losses at all enterprises of the USSR Ministry of Light Industry last year: more than 460 million square meters of cotton fabric, 65 million square meters of woolen fabric and 83 million square meters of silk fabric.

Almost the entire increase in production volume in the textile industry in the 11th Five-Year Plan is to be achieved without the employment of additional manpower, through the installation of highly productive equipment at enterprises and the introduction of progressive technology.

It must be said that some of the equipment manufactured by plants of the Ministry of Machine Building for Light and Food Industry and Household Appliances fall below the current standard in terms of their economic and technical indicators. They require high energy expenditures and are not sufficiently equipped with control and measurement devices and automatic instruments.

The increased use of chemicals in the textile industry is an essential condition for its technical progress. The use of chemical resources and materials, particularly threads and fibers, will not only reduce labor requirements but will also expand the assortment of items and improve their commercial features. In 1985 the output of chemical fibers and threads should reach 1.6 million tons, or an increase of 36 percent in comparison to the 1980 output.

Unfortunately, in the first quarter of this year the Ministry of the Chemical Industry failed to produce large quantities of viscose and acetate thread and dacron fiber.

Brigades of the New Type

The widespread use of the brigade form of labor organization and incentives is one of the major ways of further augmenting labor productivity in the textile industry. Experience has shown that it is precisely the brigade form that creates substantial opportunities for the combination of professions and the expansion of equipment service zones.

Some experience in this field has been accumulated by the Korablino Silk Fabric Combine (Ryazanskaya Oblast) and the Krasnoye Znamya Yarn Combine in Ramenskoye (Moscow Oblast). At the latter combine, 73 brigades of the new type have been formed. Larger brigades with comprehensive rates and the distribution of earnings according to the labor participation coefficient have also been organized at several other enterprises. They work on plan assignments. In this system, all of the brigade plans are equivalent to the enterprise plan. As a rule, in these brigades there is the quicker augmentation of labor productivity, improvement of product quality, reinforcement of labor discipline and reduction of personnel turnover.

At the same time, the work of incorporating the brigade form of labor organization is going too slowly at the Kalinin Cotton Fabric Combine, the Krasnaya Zarya Knitwear Association in Moscow and a number of textile enterprises in Ivanovskaya and Vladimirskaya oblasts.

Expenditures on crude resources and materials represent around 90 percent of the overhead costs of textile production. Enterprises in the branch are quite capable of reducing these costs without harming product quality in the slightest. For example, at knitwear factories an average of around 25 percent of the yarn is production waste.

Cotton fabric enterprises are now manufacturing a large assortment of fabrics with virtually identical commercial features but differing material requirements. The difference, for example, in the weight of a single square meter of printed cotton can reach 30 percent. Specialists have estimated that the standardization of the assortment and the production of only those fabrics with the best composition could increase the annual output by around 180 million square meters of fabric. This also applies completely to the wool industry.

Administrators responsible for the development of the cotton and wool industries of the USSR Ministry of Light Industry must plan and carry out specific steps to eradicate unjustified losses of crude resources, set stricter norms and standardize all types of commercial fabrics.

The primary objective is better product quality. There are still many enterprises where the production of new items is mastered too slowly and standards and technical conditions are violated. Sometimes the manufactured product is not the same as the models used to sell the item at wholesale trade fairs. Fabrics and knitwear of poor quality and outdated styles and fashions are still being produced.

Textile workers in the nation have begun to work on their assignments for 1981-1985. The output of all types of fabrics this year is expected to exceed the 1980 output by 776 million square meters and reach 11.36 billion square meters.

Striving to make a fitting contribution to the implementation of the party program for the further enhancement of the Soviet people's well-being, textile workers in the nation, just as all other workers in light industry, are participating actively in the nationwide competition for the implementation of the historic decisions of the 26th CPSU Congress. The leaders of the unionwide socialist competition include the collectives of the Dedovsk Association, the Kherson Cotton Fabric Combine, the Minsk Worsted Wool Combine, the Aurora Hosiery Factory in Riga and other collectives that are successfully keeping up with plan assignments and commitments.

In the first quarter, the plan for the production of silk and linen fabrics, non-woven materials and haberdashery items was fulfilled by the USSR Ministry of Light Industry as a whole. Although the output of printed cotton and satin was larger than the output of the same period last year, the cotton fabric industry did not keep up with the plan. Wool industry workers are also in debt to the consumers.

The yarn and fabric production plan was not fulfilled by the Gori Cotton Fabric Association, the Kirovabad Textile Combine imeni Ordzhonikidze and the Chernogor and Tyumen' worsted wool combines. The work was unsatisfactory at the Leningrad Cotton Yarn and Thread Combine imeni Kirov and the Dushanbe Cotton Fabric Association.

The unconditional completion of plan assignments and commitments at each enterprise must be ensured through the better use of existing capacities, the careful and economical use of crude resources and materials and the better organization of production and labor.

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

BETTER USE OF RAW MATERIALS IN MILK INDUSTRY URGED

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 7 May 81 p 2

[Article by A. Smirnov, sector head, USSR People's Control Committee: "Riches of the River of Milk"]

[Text] Milk is one of the most common and best liked foods. Purchases of milk in our country amount to roughly 60 million tons a year. Thirteen million tons of milk are used in the production of cheese, cottage cheese and other dairy products. Approximately 10 million tons of whey are produced as a result. Whey is a very important raw material that contains 25,000 tons of fat and 450-480 thousand tons of lactose, which are necessary ingredients in the production of various kinds of medical preparations and baby foods, and approximately 90,000 tons of protein.

How do we use these riches?

Whey is used in a hundred different ways in industry. It can be used to replace water in bread dough, to make "Kavkaz" cheese, albumin-type cottage cheese, albumin-type cheeses, animal growth stimulators PV-1 and PV-2, and many other items. In a word, whey is one of the great riches of our river of milk and we must use it thriftily.

Interesting and useful experience in this regard has been amassed by the dairy industry in the Krasnodarskiy and Stavropol'skiy krays, in the Belgorodskiy, Bryanskiy, Rostovskiy, and certain other oblasts. It has learned how to make good use of capacities and to make broad use of progressive technology for the production of products from milk by-products. The results are evident. Last year, for example, these krays and oblasts processed 60-90 percent of all the whey they received. They used the whey to produce--in addition to lactose--sour cream butter and protein for use in process cheese. Last year the baking industry in these krays and oblasts processed 80,000 tons of whey thereby saving approximately 4,000 tons of flour.

Much progress has also been made in animal husbandry. Dry and condensed whey is produced for the mixed feed industry and special starters are produced for the ensilaging of grasses. These starters have been used to produce over 1.5 million tons of silage of higher nutritional value.

Of course, there are many difficulties here as everywhere else. Some economic leaders are fond of citing them whenever the conversation turns to the use of whey. But practice shows that these citations have little worth. Everything ultimately depends on people and their attitude toward the effort. Here is a typical example.

In 1978 the USSR People's Control Committee conducted a check on the use of whey at enterprises belonging to the Armenian meat and milk industry. It found many shortcomings in this work. Heads of ministries and enterprise collectives resolved to correct matters. As a result, the production of products containing whey protein trebled and the delivery of whey to the baking industry increased 2.5 fold.

But this is by no means the picture that is to be seen everywhere. Checks reveal that progressive knowhow regarding the use of this valuable food raw material is being disseminated slowly. A considerable percentage of the whey is thrown away. For example, the Tbilisskiy, Bogdanovichskiy, Dianisskiy and certain other cheesemaking plants in the Georgian SSR created capacities to process 100 tons of milk whey a shift, but use them only to the extent of 55-70 percent. Plans for the processing of secondary raw materials are systematically not fulfilled in the Bashkir ASSR and in the Kalininskaya, Novosibirskaya and Saratovskaya oblasts.

There are also production capacities for whey. What prevents them from making proper use of them as good managers should?

Many shortcomings in this work are associated with existing planning practice. Republic ministries and industrial enterprises are frequently assigned programs that are far lower than their potential and even their existing level of production.

Such examples are numerous. The Ukrainian Ministry of the Meat and Dairy Industry was assigned the task of producing 3.2 thousand tons of lactose this year. But considering the operation of cheesemaking plants in multiple shifts into account, it could produce 4,000 tons. For reasons that are hard to fathom, the Georgian Ministry of the Meat and Dairy Industry quota for lactose production this year is 58 tons lower than last year's level.

Much depends on the leadership of the associations and enterprises. Some of the leaders take the traditional approach to whey as something unworthy of attention and effort, as something to be thrown away. Mismanagement and gross violations of state discipline are the result of this approach.

For example, for several years the Bogdanovichskiy Cheesemaking Plant in Georgia (manager: L. Vartanyan) has failed to install a water circulation system to meet the full cold water requirements of the lactose shop. The result is that machines and mechanisms are only used to the extent of 50-60 percent during the time when most of the whey is received.

The organization of fuel deliveries is unsatisfactory at the Goritskiy Cheesemaking Plant in the Kalininskaya Oblast. As a result, the lactose shop has been virtually idle since 1974. At the Suzunskiy Cheesemaking Plant in the Novosibirskaya Oblast (manager: S. Vorob'yev), at the Balashovskiy Cheesemaking Plant in the Saratovskaya Oblast (manager: A. Sokolov); and at some other enterprises, the buildings and equipment are in unsatisfactory technical condition and the shops are poorly supplied with steam, water and electricity. As a result, the raw material is not processed when it should be.

The undesirable practice of certifying for operation cheesemaking plants with substantial construction flaws still persists. The installation of equipment for producing products from whey is frequently incomplete at such enterprises. For example, in the Kalininskaya Oblast the Staritskiy Cheesemaking Plant was certified for operation even though its purification facilities were not yet completely built and its equipment was not yet debugged. Installation and debugging operations were performed for almost an entire year and instead of processing milk the enterprise functioned as a milk receiving point. Despite the fact that major construction and installation work remains to be performed on them, the Tselinnyy, Zar'inskiy and Kamenskiy cheesemaking plants have been put into operation in the Altayskiy Kray, the Samoylovskiy Cheesemaking Plant has been activated in the Saratovskaya Oblast; the Tarutinskiy Cheesemaking Plant--in the Odesskaya Oblast; the Velikoburlukskiy Cheesemaking Plant--in the Khar'kovskaya Oblast, etc.

Unfortunately, instances of poor utilization of whey are not so very rare. Indeed they are numerous. Last year, for example, of the 166 plants engaged in the production of lactose, almost one-half failed to meet their quotas. They were more than 1500 tons short in their delivery of products to the medical industry. They fulfilled their annual plan for the production of dry whey to the extent of only 36 percent and their plan for the production of condensed whey by 77 percent. The shortfall in the delivery of highly nutritious additives used in livestock feed to the mixed feed industry was more than 6,000 tons.

Leaders of the USSR Ministry of the Meat and Dairy Industry are aware of the unsatisfactory utilization of capacities established for the processing of milk whey. However, they do not take appropriate measures to eliminate the shortcomings. They do not display demandingness toward the ministries of the meat and dairy industry in the union republics which in turn do not wage the necessary struggle against violations of state discipline and mismanagement at enterprises subordinate to them.

The Basic Directions of Economic and Social Development have assigned branches of the food industry the task of substantially increasing the completeness of processing and of improving the use of agricultural raw materials. Much also remains to be done in this regard in the dairy industry, especially with regard to the use of whey. This is a valuable raw material that is used as food. All of it must be processed right down to the last kilogram.

5013
CSO: 1827/79

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

BREAD BAKING IN CONSUMER COOPERATIVES

Moscow EKONOMICHESKAYA GAZETA in Russian No 23, Jun 81 p 17

[Article by A. Levin, chief, baking industry department of Moldavian potrebsoyuz, Kishinev: "Cooperative Bakeries"]

[Text] The organization of industrial bread baking in consumer cooperatives and the freeing of rural dwellers from the need to bake bread at home is one of the numerous socioeconomic problems.

I remember how it used to be. Twice a week in rural Moldavia, women in literally every hut would rise before the crack of dawn, roll up their sleeves, knead the dough and bake bread....

Here and there were small bakeries in usually cramped, makeshift quarters. They did everything--from sifting the flour to kneading the dough--by hand.

All this had an adverse effect on people's participation in social production. On the Kolkhoz imeni S. M. Kirov, for example, the necessity of baking bread for the family kept about 2,000 housewives from going out to work in the fields for 5-6 days every month. In the course of a month, the kolkhoz lost as many as 10,000 work-days. This was tantamount to the total nonparticipation of 400 able-bodied kolkhoz workers in social production.

Consumer cooperatives will have to shut down small, primitive bakeries and concentrate the production of bread at larger enterprises with up-to-date equipment.

The first enterprises that were built had a capacity less than 10-15 tons a day which was considered the "ceiling" for those distant times. But after the reconstruction and introduction of the flowline system of production, the capacity of bakery plants increased four- and fivefold. Their number also increased rapidly.

Today Moldavian consumer cooperatives number 72 large bakery plants at which all production processes are mechanized to the maximum. According to our estimates, the replacement of bread baking in the home by industrial production has made it possible to save millions of man-days, tens of thousands of tons of flour and a vast quantity of fuel that housewives would otherwise burn in their hearths.

Today's rural women no longer have to bake bread at home. Consumer cooperative stores always have a sufficient selection of various kinds of fresh, tasty bread, rolls and confectionery goods.

The success of Moldavian cooperatives in the development of industrial baking has in large measure been promoted not only by the outfitting of the given enterprises with more and more highly productive equipment and the mechanization of technological processes but also by the highly effective organization of the transporting of flour within the plant. This has entailed the creation of bulk storage facilities for flour. The Dubossarskiy Bakery Plant, for example, has installed facilities for the simultaneous storage of 200 tons of various kinds of flour and has installed a flour conduit that leads directly from the mill to the bakery. Similar bulk storage facilities are now in place at 15 other bakery plants in the republic.

We have benefited greatly from the basic reorganization of the management of the cooperative bread baking system. The organization of rayon bread combines on a cost accounting basis proved to be the most rational form. Each combine has a highly qualified staff that is capable of monitoring and improving production processes, of organizing production in the most rational way and of securing the high quality of production. This reorganization has made it possible to improve economic indicators. Suffice it to say that the profit per ton of output last year was 15.45 rubles.

But everything is not as we would like to see it. Many enterprises do not display sufficient initiative and energy in overcoming the various difficulties that may arise. There are also problems that we ourselves are unable to resolve. This primarily refers to the fact that we are not allocated sufficient means of mechanization and as a result, some enterprises are making slow progress in eliminating unproductive manual labor. The supply of batching equipment is especially poor. We also have a dire need for equipment needed for the mass production of rolls weighing less than 500 grams.

We are also aware of the very adverse impact exerted on rural trade by the lack of special vehicles for transporting bakery and confectionery goods. All these problems should be resolved as soon as possible.

5013

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HOUSING AND PERSONAL SERVICES

TELEPHONE SERVICES IN KRSNODAR CRITICIZED

Moscow PRAVDA in Russian 14 Jul 81 p 3

[Article by PRAVDA public relations staff member G. Gumenny: "The Line for the Telephone"]

[Text] The telephone is not a luxury. Today no one has to be convinced of this. Although in recent years the numbers of telephones in apartments have increased, demand is growing. More than 84,000 people are now waiting in line, and of these more than 1,000 are invalids and more than 6,000 veterans of the Great Patriotic War.

People also often come to us in the PRAVDA public relations office asking for help with the telephone. We explain to them that these matters fall within the competence of the city telephone network and the local communications production-technical administration. In reply, however, people say that they have already approached these bodies many times already and could obtain no assistance. I. Tkachenko, an inhabitant of Krasnodar, A. Rudenko from Anapa and others have told us about their numerous visits to various establishments.

The gap between demand and supply is explained by the fact that the expansion of the telephone network in the city is lagging behind the rate of housing construction. Work was started in the Komsomol'skiy development more than three years ago. About 20,000 now live in this development. And not a single apartment has a telephone. The Main Krasnodar Industrial Construction Trust should have started on the construction of a 10,000-line automatic telephone exchange for the Komsomol'skiy development last year. But the project has lapsed because the site for the exchange was agreed in time with the Giprosvyaz'-2 institute.

Things are no better with the construction of the automatic telephone exchange for the hydropower workers settlement. The Krasnodar Construction Trust has been constructing it since 1976, but the contractors are in no hurry even though in 1978 the building should have been handed over to the communications people so that they could install their equipment.

Yet another automatic exchange, this time located in the Krasnodar "Cheremyskakh," is designed for 7,600 lines. This is obviously inadequate for a large industrial

region. The Krasnodarvodstroy administration was charged five years ago with the task of building a two-storey building for the exchange. It was constructed, but there were serious constructional defects and it is not known when they will be corrected.

Chief of the gorispolkom administration for capital construction V. Kondrat'yev explains the situation: "The construction of buildings for automatic telephone exchanges takes place slowly because the contract organizations have labor shortages. Workers frequently have to be taken off work on automatic telephone exchanges and switched to other sites."

The situation is also made worse by the fact that the essential agreement between the communications people and the construction workers is lacking, and the gorispolkom does not coordinate their activities as it should. It is not only through the fault of the construction workers that the telephone problem has become so protracted. The main funding sources for the construction of the automatic telephone exchanges are assets allocated by the local soviets. And these assets are so meager that they are insufficient for the construction of a single building across a three-year period. At one time it was suggested that a number of ministries should provide R1.65 million for shared participation in the development of communications in Krasnodar during the period 1978-1985. However, the Ministry of the Chemical Industry held up for a year the transfer of R100,000. The USSR Ministry of Light Industry failed to transfer R200,000 to the city in 1980 and is making no promises to do it now. The Ministry of the Machine Tool and Tool Building Industry was to have provided R100,000 this year, but it has already been explained that this sum has been held over to next year.

The city telephone exchange is receiving numerous applications for telephones from citizens who have their own homes. Even when it is possible, things are not simple. The communications people are responding only to operations and the maintenance of equipment already installed.

There are everyday services enterprises in the city. Why not include the installation of a telephone in the list of services provided by the everyday services people? Of course, in each specific case this should be done with the mandatory agreement of the communications people.

9642

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PERSONAL INCOME AND SAVINGS

PERSONAL SAVINGS GROWTH FACTORS, MOTIVES ANALYZED

Moscow, DEN'GI I KREDIT in Russian No 6, Jun 81 pp 25-32

[Article by Yu. I. Kashin, candidate of economic sciences: "Some Problems with the Development of Savings"]

[Text] In my last article¹ I attempted to reveal the economic import of the formation of personal savings. The purpose of this article is a more detailed examination of several debatable problems in the evaluation of the developmental prospects, factors and dynamics of personal savings, which have been given particular significance by the increased social emphasis of our plans in line with the "Basic Guidelines for the Economic and Social Development of the USSR During 1981-1985 and During the Period up to 1990," ratified by the 26th CPSU Congress.

A consistent analysis of these problems will first require the precise definition of the essence and basic characteristics of the object in question, as well as the composition of the elements making it up.

In our opinion, this matter is not clear enough. The widespread belief that savings are a result of increased public prosperity reflects this relationship correctly but it also leads logically to confusions about, on the one hand, the constant growth of savings and, on the other, the unlimited nature of this process during the course of the progressive development of the socialist economy. "The rise in Soviet public prosperity," I. D. Slavnyy asserts, "is accompanied by the growth of monetary savings."²

It seems, however, that excessively general interrelationships lie at the basis of this statement, as a result of which the many factors involved in the development of this phenomenon are not taken into account. But this should be discussed separately. For the time being we will simply stress that the level of the analysis of interrelationships is of general methodological significance in light of the topic in question.

The general nature of the interrelationships between phenomena only seems to relieve the researcher of the responsibility of substantiating his choice of a level of analysis. The varying depths of these relationships require that he first reveal their essence on one level and then move on to analyze these relationships on different levels. The violation of these principles is precisely what gives birth to statements like the one which calls savings a result of the process of the reproduction, creation, distribution and redistribution of the social

product and national income,³ or the equally unsound and essentially contradictory statements about savings as a reflection of public demand for funds and reserves⁴ on the one hand, and the human trait of possessing reserves on the other.⁵ Even if we disregard the fact that this represents another way of reducing the problem to the fairly general issue of "funds and reserves," there is an obvious misunderstanding of emphasis here: In the first case the society's interest in using accumulated savings without first determining their essence is incorrectly emphasized, and in the second the problem is moved out of the economic sphere into the sphere of social psychology.

Researchers often try to solve the problem of assessing the dynamics of savings by contrasting the definition of savings as a result of increased public prosperity to another extreme: In this case, savings are the result of the inadequate satisfaction of public demand: "Either they are out of what we need or they do not have it where we expect to find it."⁶ But this description of savings as a result of unsatisfied demand does not take into account, in our opinion, several other important factors affecting the process of saving.

The widespread use of the vague term "suspended demand" does not help at all to clear up the matter either. Furthermore, different authors invest the term with different meanings. A study of this question showed that some of them equate it with unsatisfied demand,⁷ others use the term "suspended demand" to signify the gradual accumulation of money for future purchases,⁸ others use it to signify the potential use (in principle, it could be unplanned, but it is sometimes simply the final designation) of accumulated funds for consumption purposes,⁹ others limit the term, probably quite justifiably, to cases in which purchases are not made due to the temporary absence of conditions for consumption,¹⁰ and still others regard money representing suspended demand as the opposite of money representing capital.¹¹ Finally, there is also the following contradictory interpretation of the term in question: "In the strictest sense of the term, suspended demand," A. M. Birman says, "is money kept in a savings account so it will not be spent unwisely."¹² Suspended demand is not a suspended purchase, P. Il'in argues, but a "permanent part of unsatisfied demand," in which finances "not used for the purchase of other goods are saved in the expectation of a possibility to purchase the desired commodity."¹³

Let us begin with a literal interpretation. Demand, as we know, is a reflection of need in the sphere of commodity and money relations. Demand is need limited by the purchasing power of the consumer. It is only when need is equivalent to the money required for its satisfaction¹⁴ that it can be regarded as a variety and a quantitative expression of demand. If this equivalence is not present, we feel that demand does not exist.

What does the suspension of demand signify under these conditions? The suspension of demand signifies a decision to temporarily not satisfy some kind of specific need. If the commodity that is in demand is offered for sale and its characteristics are acceptable (quality, style and so forth), the decision not to buy it could be the result of the temporary absence of conditions for consumptions (inappropriate housing conditions, an underdeveloped road and transport network, poor telephone services and so forth) or the deliberate limitation of need in several areas for the purpose of the preliminary accumulation of enough money to acquire goods with prices beyond the budget of the consumer (or family).

The unconditional nature of suspended demand in the first case is usually accompanied by structural changes, the transfer of demand to other commodities, and it therefore might not even affect the saving process. In the second case, however, savings and demand are mutually exclusive: The accumulation of savings often requires the consumer to forgo some customary purposes (to postpone demand), but the savings accumulated in this way are not in themselves an expression of demand until they reach the figure required for the desired purchase.

When goods needed by the population are not offered for sale or when supply does not correspond to demand, we are dealing with unsatisfied, and not suspended, demand.

We therefore believe that these comparisons of personal savings do not allow their economic content to be disclosed with the aid of concepts of demand. The latter can operate successfully only when individual aspects of the saving process have been elucidated--namely, the birth of savings when the consumer forgoes a number of current purchases for the sake of others in the future (the mechanism of postponed demand) or when most of the savings is designated for consumer use, which could best be defined, in our opinion, as formulated demand,¹⁵ which would not be the same as formulated need,¹⁶ but would pave the way for financial security for the satisfaction of need.

Finally, it is just as important to overcome the current idea of savings as the income remaining after current needs have been satisfied if we wish to correctly assess the current dynamics of personal savings and determine economically valid approaches to the prediction of future savings.

For example, V. I. Ryabikin, quoting A. Konyus, concludes: "If we consider the sequence (immediacy) of their (needs--Yu. K.) satisfaction, accumulation comes after all other expenditures. Furthermore, the purpose of accumulation is the subsequent acquisition of durable goods, trips and so forth."¹⁷ He later states: "Financial accumulations as a means of satisfying future material and spiritual needs will, as it were, close the general ranks of needs."¹⁸

In our opinion, the author's logic is contradictory. In the first place, the sequence of expenditures does not always indicate the place occupied by the need in the scale of consumer preferences, bearing in mind, for example, the simple fact that the deposit of part of personal income in a savings account even precedes all other expenditures now that cashless forms of savings account organization are being developed. And even when cash is used, we cannot forget one important function of savings--the avoidance of the unplanned expenditure of funds, which motivates the consumer to quickly deposit his funds in organized saving systems. In the second place, it is also useless to lay emphasis on the designation of savings for the future satisfaction of needs. Actually, we feel that this only corroborates the opposite--if under the conditions of the incomplete satisfaction of needs and the consequent strain on the personal budget, the population gives preference to future consumption, this means that he has concealed needs which do not in any sense close the ranks, or at least more pressing needs than those he decides not to satisfy. Finally, in the third place, savings stand for extremely diverse needs, and this alone removes all grounds for the categorical calculation of their place in the scale of consumer preferences. In this case the reference

to the authority of A. Konyus does not help either, because when he wrote that "there is no valid reason to put expenditures on financial savings for the desired future standard of living on the same level as expenditures on bread, butter, entertainment and so forth,"¹⁹ he is not referring, in our opinion, to special savings, designated, for example, for the purchase of a television set or even a motor vehicle, but to savings of another kind: "Accumulations intended to secure the desired standard of living in the future, or simply investments."²⁰ This naturally puts everything in its rightful place, because it is true that reserve savings, by virtue of their uncertain designation, actually can only close the ranks of the hierarchy of needs.

This problem also has another aspect. Namely, the fact that some economists believe that savings consist of the monetary surplus,²¹ when "the part of personal income which increases opportunities for their full satisfaction can remain unused under certain conditions.... To mobilize monetary income in amounts surpassing current demand, the socialist state uses voluntary forms of public participation in the satisfaction of statewide needs--the organization of savings accounts and insurance, the issuance of easily managed loans and the organization of financial and material lotteries."²² Finally, "in the socialist society the working people put away part of their financial income for the purchase of goods and services without limiting their consumption."²³

Therefore, savings are equivalent here to the amount in excess of current needs--that is, we are faced with the same old attempt to interpret savings not with a view to the internal laws governing the formation and use of personal income, but to some conditions of their incomplete satisfaction. In other words, this is a variation on the previously discussed identification of personal savings with unsatisfied demand. As for the concept of surplus personal monetary funds, formed without limiting current consumption in its pure form, it appears to have little basis.

In reality, of course, the process of accumulating savings is not devoid of some limitations on the current satisfaction of needs, reflecting the conflict between immediate demand and an interest in future consumption. Savings do not represent the available surplus of financial income, but a result of the lengthy process of the satisfaction of public demand under conditions in which wages do not allow the individual to live according to his needs. Socialism, as we know, eliminates the need for savings "for a rainy day" and makes it possible to move from the "renunciation of all of life's blessings"²⁴ to a reasonable process of saving money to balance the circle of priorities with family purchasing power.

Now that we have examined some of the more debatable definitions of several qualitative features of savings, we will discuss the composition of the object of our research. Unfortunately, the question of the composition of personal savings has not aroused the necessary interest.

We know that personal savings exist in the form of money on hand that is not designated for current use, as well as in so-called organizational forms--in deposits in savings associations and the State Bank; 3-percent state bonds to cover the internal debt; the share costs of members of consumer cooperatives and the membership fees of members of mutual assistance funds. The share cost of members of consumer cooperatives and personal investments in cooperative and

individual residential, suburban and garage construction (excluding depreciation deductions) can quite definitely be regarded as savings of an investment nature.

Data on the total amount paid for personal insurance by the population have been used for many years as an element of savings in analytical computations, with a view to the special designation of these payments and the absolute nature of the right to them (excluding the amount used by the insurance agencies). Finally, personal savings can also take the form of investments in valuables, antiques, collectibles and durable goods. The latter are considered to be savings in the pure form when they are purchased for future use, over and above current needs. But these forms of personal accumulation go beyond the bounds of the financial savings with which we are primarily concerned.

As for the classification of cash on hand as personal savings, differences of opinion in economic literature pertain mainly to the validity of criteria for dividing total money into circulating funds and savings. Some economists²⁵ believe that funds spent within 2-3 weeks can be called circulating, funds kept for 2 or 3 months represent a payment reserve and, consequently, saving begins, in their opinion, after money has been kept for 3 months. Others²⁶ believe it must be kept for a year. I think that the arbitrary resolution of this matter could be avoided by basing calculations not on some kind of arbitrarily chosen period of time, but on the actual average period between receipts of income, calculated with a view to all of the basic social or economic groups in the population. It is quite another matter that these savings can then be categorized again in terms of how long they are kept, which is of considerable importance in the planned management of public demand. The system of categorization here will depend on the plan period (quarter, year and so forth).

Traditional beliefs about the composition of organized financial savings do not agree with the ideas set forth by V. I. Ryabikin, who puts deposits, purchased securities, "insurance funds" and consumer credit all in the same category.²⁷

In general, this is based on the well-known practice of using the so-called direct calculation of family budget patterns along with the national economic savings balance.²⁸ But the structure of consumer accumulation proposed by the author is, in the first place, not complete, due to the very idea of calculating all types of financial assets (in particular, investments in real estate, loan payments and money lent out) and their sources, which gives it the nature of an artificial set of elements. In the second place, there is no precise procedure for calculating each of these elements. What is more, terminological errors are committed. For example, when the author argues that the public's right to accumulated insurance sums makes these sums a form of savings, he freely, without making any reservations, makes use of the term "dues" without considering that part of this money is kept by the insurer to cover his costs and to make the insurance system profitable. The author makes a similar error when he discusses savings deposits. He does not include interest, and when he discusses state lottery bonds he does not consider differences in exchange rates and the face value of winning securities. Finally, in the third place, there were no grounds for including the probable receipt of insurance funds as an element of personal savings. It is true that in terms of the characteristics required, in the author's opinion, to categorize the probable receipt of insurance funds as savings, he is considering the fact that the formation of these funds signifies that the person forgoes immediate consumption ("up to

a specific moment insurance funds serve the purpose of accumulation, and then the purpose of consumption"),²⁹ as a result of which "insurants annually receive sums which supplement their budget."³⁰ In view of the fact that these sums actually raise the standard of living of people who have a special need for this, they can be regarded as a "means of accumulation for a specific event in the assumption that it might occur."³¹

Consequently, it is obvious that although there are external similarities in origins (payment) and ultimate use (consumption) in the insurance process (with the exception of life insurance), there is no real process of accumulation; this is essentially a state-organized form of collective mutual assistance to those for whom the insured event has become a reality.

Discarding all of the incorrect, in our opinion, ideas about the economic essence of savings and their composition, we can examine the matter more soundly and assess development trends.

The variety of specific factors that can, in principle, affect the dynamics of private financial savings can be classified in the following manner:

Table

Factors Accelerating Growth of Personal Savings	Factors Decelerating Growth of Personal Savings
Growth of public demand, leading to expansion and rapid renewal of group of commodities and services whose acquisition requires advanced accumulation of money (rising percentage of non-food purchases, followed by increasingly large expenditures on leisure activities, trips and so forth due to inevitable increase in free time and possible alternative uses of free time)	Growth of public demand, complicating distribution of monetary income between consumption and accumulation Reduction of gap between level of public demand and ability to satisfy demand by means of current monetary income, usually accompanying dramatic changes in developmental level of productive forces Broader group of demands satisfied by public consumption funds Development of consumer credit
Development of housing construction, suburban garden and garage cooperatives and other objects of public investment	Installment payments for membership in housing construction or garage cooperative, credit for private housing construction
Insufficient development of public demand in relation to purchasing power	Active policy of developing public demand Institution of group of measures to resolve contradiction between concentrated demand and limited possibility of satisfying it, arising primarily when the young start families

[Table continued on following page]

Table (Continued)

Factors Accelerating Growth of Personal Savings	Factors Decelerating Growth of Personal Savings
Possible growth of unsatisfied public demand for goods and services (savings as a reflection of unsatisfied demand)	Constant unsatisfied demand for several commodity groups--less motivation to save due to difficulties in obtaining necessary goods Eradication of unsatisfied demand
Increase in public monetary income--broader opportunities to save	Increased public monetary income: a) Reduced period of time needed to accumulate total sum required to purchase necessary goods or services b) Relative reduction of thrift in highly secure individuals
Improvement of social and pension security--broader opportunities to save Higher percentage of population approaching retirement age--more motivation to save "for old age"	Improvement of social and pension security: a) Similar to impact of increased public monetary income b) Equalization of retirement pension and wages (neutralization of motive to save "for old age")
Change in price levels (mainly average group prices) of several non-essential consumer goods--longer period of time required to accumulate purchase price	Change in price levels (mainly average group prices) of several non-essential consumer goods: a) Reduced possibility of accumulating monetary income b) Increased purchases for future use and material accumulations
Reduction in list price of consumer goods--result of some delay in acquisition of commodity	Reduction in list price of consumer goods--reduction of accumulation time

In the classification table, three large groups of factors affecting personal savings are clearly delineated. The first reflects peculiarities in the development and satisfaction of needs, and the second and third reflect the influence of distributive relations. This classification criterion does not cover, in the first place, the group of factors connected with the influence of many demographic and social family characteristics and, in the second place, the peculiarities of human behavior in the sphere of consumption and the saving process. This deserves special discussion. We will simply point out that studies have shown³² that the growth of savings is closely related to changes in the sex and age structure of families (the number of children) and the social structure of society (a higher percentage of worker and employee families and a lower percentage of peasant families with a relatively higher savings level). The increase in the number of

families with savings is also a leading factor because it increases personal savings while simultaneously reducing their spatial growth as a result of the formation of new savings to compensate for the use of earlier accumulations. The effect of interest rates on organized forms of savings is also more complex than it is generally depicted. Although the interest rate has a negligible effect on the inclination to save money, it is apparent that its specific rate affects the overall dynamics of organized savings by virtue of its own supplementing mechanism. In this connection, however, we must note the groundlessness of the calculations published by A. Zaytsev,³³ on the basis of which he asserts that one-third of all current deposits consists of interest. The author uses the compound interest formula mechanically, forgetting that deposited funds are circulated and renewed with consideration for the average length of time the deposited ruble is kept. This is why the accumulation of interest is only incidental to the total process.

The proposed classification of factors changing personal savings indicates the contradictory effects of the majority of these factors. For example, they always stay ahead of need, on the one hand, complicating the distribution of income for current consumption and accumulation, limiting the development of personal savings and tending toward their minimization. On the other hand, there is the inevitable expansion of the assortment of goods and services which represent the object of the preliminary accumulation of money, and this promotes the growth of personal savings. But the first tendency is most likely to prevail in the future, because it is caused by extremely deep-seated factors. The temporary nature of the second tendency is obvious if we consider the developmental prospects of consumer credit.

Furthermore, the growth of personal monetary income, which increases opportunities to save, simultaneously gives rise to opposite tendencies through the parallel, but not always proportional expansion of the circle of public needs and, what is particularly important, reduces the period of time required for the accumulation of the sums needed for costly purchases.

The social nature of production in the socialist society presupposes, in the sphere of personal savings, the assignment of priority to the economic content of categories, which are not even connected strictly with the monetary form as such, but more with the actual needs lying behind it, which, in turn, predetermine the specific motives for saving. The accumulation of money as a goal in itself is not typical. In general, savings are acquiring a clearly defined purpose--the future satisfaction of needs.

Under these conditions, the motives for accumulation and the dynamics and limits of personal savings can only be determined through an analysis of actual needs and of society's ability to satisfy these needs.

In our opinion, this approach to the process in question gives us sufficient grounds to dispute the idea that there are no limits on the development of personal savings and single out a number of fundamental factors that are directly related to the determination of the patterns and nature of changes in personal savings on the basis of their own development--that is, without the influence of external circumstances which noticeably affect the dynamics of savings.

In the first place, the theoretical analysis of motives for saving, presented in my last article, illustrates the possibility of each motive's development; what is more, at any stage of development, depending on specific conditions, it is possible

to analytically distinguish between factors which increase and decrease personal savings and, consequently, it is possible in principle to define the overall necessary level.

In the second place, the development of personal savings is limited to a considerable extent by the effects of the general law of rising demand, which lies at the basis of their dynamics.

The rapid growth of needs accompanied by the constant elevation of their qualitative level objectively complicates the distribution of current personal monetary income between consumption and accumulation, limiting the latter. But as we progress toward communism as a result of dramatic advances in the development of productive forces, the opposite tendency should, in principle, prevail, reflected in the fuller satisfaction of needs and the closure of the gap between the level of their development and the ability to satisfy them with current income. In spite of the contradictory nature of these tendencies, one reduces savings, indicating that if all other conditions are equal the saving process must enter a phase of decline after it has gone through the phases of growth and relative stabilization (which could be extremely lengthy). This means that as productive forces develop, the temporary nature of categories of personal savings becomes more evident and that the contradictions giving rise to them are resolved--namely the contradictions between the developmental level of human needs and the production possibilities achieved during the first phase of communist construction, which dictate the use of the principle of distribution according to labor as a means of limiting the satisfaction of public needs.

In other words, as the possibilities of socialist production are revealed more and more, we feel that there will be a clearer tendency toward reduced dynamics of personal savings growth with the gradual exclusion of savings reflecting the underdevelopment of the level of needs, followed by the decline of motives to save for special purposes as pension security continues to improve and as the system of consumer credit is thoroughly developed.

The tendency toward the reduced growth of personal savings is also predictable in the absence of fundamental changes in production due to their mass spread, when the replacement of previously utilized savings with new accumulations will have a stronger impact.

Finally, here are some preliminary considerations regarding the usually step-up rates of personal savings growth in comparison to public income growth.

How constant is this relationship?

To answer this question, we must first analyze the methodological and informational validity of dividing the relationship into precisely these two factors. On the one hand we have income, and on the other we have savings. However.... In the first place, methodologically, it is absolutely incorrect to categorically assert that the past growth of personal savings has been a result of past income growth, and not of other, perhaps less apparent, factors. In any case, it is a fact that in a simple comparison of changes in income and savings, the latter, as the cumulative (or final) result of many factors, could seem to be the result of only one of them. In the second place, sometimes the figures compared are far from comparable in terms of scope in relation to the object of analysis. It is true that if we go

to the extreme, which allows us to more or less accurately reveal the essence of this methodological error, we are quite justified in presuming cases in which the income of one population group grew (a group which did not save) while the increase in savings applied to a completely different group.

Finally, the main consideration is that although we can assume that the distorting influence of these two factors could be excluded, we cannot simply call this inter-relationship between personal income and savings a constant relationship without assessing current developments in the sphere of distribution, determining the division of personal income into consumption and savings. It is obvious that the formation of savings could be called natural and their volumes could be called normal only if the process of saving takes place in the presence of a supply of commodities which fully satisfies public demand on the basis of at least current needs.

Considering the objective influence of the law of rising demand, the relative growth of savings as a result of income growth can best be explained by the fact that, now that our production is obviously aimed at the primary satisfaction of average needs, there is simply a larger gap between public purchasing power and the possibility of satisfying this demand in higher income groups.

The general trends in the development of personal savings and their determining factors, examined in this article, are important in more than just the general theoretical sense. Our understanding of a process, surveyed comprehensively, with a view to its origins and development, is an essential condition for the planning of practical steps for continued improvement in the management of savings and for better and more balanced plans for economic and social development in line with 26th CPSU Congress requirements.

FOOTNOTES

1. See DEN'GI I KREDIT, 1979, No 12, pp 38-45.
2. I. D. Slavnyy, "Ocherki planirovaniya denezhnogo obrashcheniya" [Essays on the Planning of Monetary Circulation], Moscow, Gosfinizdat, 1961, p 39. See also: Ye. Aleksandrova and Ye. Fedorovskaya, "The Growing Prosperity of the Working Public and Personal Savings," VOPROSY EKONOMIKI, 1978, No 10, p 75 et passim.
3. V. I. Byabikin, "Statistika denezhnykh nakopleniy naseleniya" [Statistics on Personal Financial Savings], Moscow, Statistika, 1980, p 13.
4. Ibid., p 12.
5. A. Zaytsev, "The Personal Savings of the Working Public in the Developed Socialist Society," VOPROSY EKONOMIKI, 1980, No 3, pp 58-59.
6. Yu. Chernichenko, "Money in Passbooks," PRAVDA, 10 March 1971. See also: N. Markina and A. Shishkin, "Suspended Demand and the Methods of Its Study," SOVETSKAYA TORGOVLYA, 1980, No 1, pp 40-41.

7. U. Chernyavskiy, "Potrebnosti, spros, tovarooborot v sotsialisticheskom obshchestve" [Needs, Demand and Commodity Turnover in the Socialist Society], Moscow, Mysl', 1971, pp 104-105; M. M. Darbinyan, "Tovarnyye zapasy v trgovle i ikh optimizatsiya" [Commodity Stocks in Trade and Their Optimization], Moscow, Ekonomika, 1978, pp 66-67 et passim; A. M. Birman, "Ekonomicheskiye urchagi povysheniya effektivnosti proizvodstva" [Economic Methods of Heightening Production Efficiency], Moscow, Mysl', 1980, p 147.
8. A. Zaytsev, "Personal Savings in the System of Socialist Reproduction," EKONOMIKA SOVETSKOY UKRAINY, 1976, No 4, pp 31-32; R. A. Lokshin, "Spros, proizvodstvo, trgovlya" [Demand, Production and Trade], Moscow, Ekonomika, 1975, p 16.
9. I. Ayzenberg, "Osnovy ustoychivosti deneg pri sotsializme" [The Bases of Monetary Stability in the Socialist Society], Moscow, Mysl', 1964, p 62; B. I. Gogol' and G. L. Trakhtenberg, "Pokupatel'skiy spros i proizvodstvo" [Consumer Demand and Production], Moscow, Ekonomika, 1965, p 30; P. P. Maslov, "Dokhod sovetskoy sem'i" [Soviet Family Income], Moscow, Statistika, 1965, p 51; P. P. Maslov, "Budgetary Index" in the book: "Statisticheskoye izucheniye sprosa i potrebleniya" [Statistical Study of Demand and Consumption], Moscow, Nauka, 1966, p 137; P. P. Maslov, "Izmereniye potrebitel'skogo sprosa" [Measurement of Consumer Demand], Moscow, Ekonomika, 1971, p 122; O. L. Rogova, "Metody planirovaniya denezhnogo obrashcheniya" [Methods of Planning Monetary Circulation], Moscow, Finansy, 1969, p 19.
10. L. Ya. Baranova and A. I. Levin, "Modelirovaniye i prognozirovaniye sprosa naseleniya" [Modeling and Forecasting Public Demand], Moscow, Statistika, 1978, p 23.
11. A. A. Sevast'yanov, "Finansy v sisteme proizvodstvennykh otnosheniy razvitogo sotsializma" [Finance in the System of Production Relations of Developed Socialism], Moscow, Finansy, 1973, p 87.
12. A. M. Birman, "Ocherki teorii sovetskikh finansov" [Essays on the Theory of Soviet Finance], 3d ed, Moscow, Finansy, 1975, p 181.
13. P. Il'in and B. Lavrushin, "The Sociological Study of Suspended Demand," SOVETSKAYA TORGOVLYA, 1979, No 5, p 34.
14. The latter point has to be stressed because economic literature sometimes implies that any monetary unit, even if it is only designed for consumption purposes in principle, reflects demand, whether the full amount necessary for the purchase has been accumulated or not (see, for example, A. I. Levin and A. P. Yarkin, "Platzhesposobnyy spros naseleniya" [Public Purchasing Power], Moscow, Nauka, 1976, pp 19, 103-104, 119), although the works of the founders of Marxism have an unequivocal, in our opinion, rejoinder to this statement. "For the economist," F. Engels stressed, "the actual representative of demand, the actual consumer, is only the individual who can offer equivalent compensation for what he purchases" (K. Marx and F. Engels, "Works," vol 1, p 566).
15. The suggested use of the term "cumulative demand" to signify this (see L. Ya. Baranova and A. I. Levin, Op. cit., p 24) is less suitable because it

stresses that the process of accumulation involves the mechanical combination of monetary elements, each of which independently reflects demand as such.

16. See A. I. Levin and A. P. Yarkin, *Op. cit.*, p 16.
17. V. I. Ryabikin, *Op. cit.*, p 17.
18. *Ibid.*, p 18.
19. A. A. Konyus, "A Method of Calculating the Composition of the Consumer Budget," in the book: "Ekonomiko-matematicheskiye metody v zarubezhnoy statistike" [Economic-Mathematical Methods in Foreign Statistics], Academic Papers on Statistics from the USSR Academy of Sciences, vol XXIV (special ed), Moscow, Statistika, 1974, p 189.
20. A. A. Konyus, "The Consumer Budget Price Index and the Theory of the Constant Level of Consumption," in the book: "Statisticheskoye izucheniye sprosa i potrebleniya," Moscow, Statistika, 1974, p 173.
21. G. A. Kozlov, "Sovetskiye den'gi" [Soviet Money], Moscow-Leningrad, Gosfinizdat, 1939, p 225.
22. V. S. Pavlov, "Finansovyye plany i balansy v sisteme ekonomicheskogo planirovaniya" [Financial Plans and Balances in the System of Economic Planning], Moscow, Finansy, 1978, p 45.
23. Yu. M. Belugin, "The Socioeconomic Nature of Personal Financial Savings," DEN'GI I KREDIT, 1973, No 3, p 72.
24. K. Marx and F. Engels, "Works," vol 6, p 590; vol 23, p 607.
25. A. D. Gusakov, "Planirovaniye denezhnogo obrashcheniya v SSSR. Ocherki teorii, istorii i organizatsii" [The Planning of Monetary Circulation in the USSR. Essays on Theory, History and Organization], Moscow, Finansy, 1974, p 163.
26. F. I. Mikhalevskiy, "K metodologii izucheniya nashego denezhnogo obrashcheniya" [An Inquiry Into the Methods of Studying Our Monetary Circulation], Moscow, Izdatel'stvo Komakademii, 1930, pp 15-17.
27. V. I. Ryabikin, *Op. cit.*, pp 3-4, 26-29, 71-74 et passim.
28. Yu. I. Kashin, "Sberezheniya naseleniya v SSSR" [Personal Savings in the USSR], Moscow, Finansy, 1979, pp 83-84.
29. V. I. Ryabikin, *Op. cit.*, p 44.
30. *Ibid.*, p 71.
31. *Ibid.*, p 55.

32. See, in particular, V. Mayer, V. Rutgayzer and T. Ivensen, "Modeling the Structure of Consumer Spending," PLANOVOYE KHOZYAYSTVO, 1971, No 10.

33. VOPROSY EKONOMIKI, 1980, No 3, p 56.

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